

## Message Text

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ACTION XMB-07

INFO OCT-01 AF-10 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 L-03 PA-04 PRS-01 USIA-15

CAB-09 DODE-00 DOTE-00 FAA-00 DRC-01 SSO-00 /120 W

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P 231617Z APR 74

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC PRIORITY 7492

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DEPT PLS PASS DAVID LOW OF EXIMBANK

E.O. 11652: N/A

TAGS: EGEN

SUBJECT: EXIMBANK LOAN FOR DC-10'S AND B-737'S

1. SUMMARY: GOZ APRIL 23 SIGNED LOAN AGREEMENTS IN AMOUNT \$63,726,300 (EXIMBANK CREDIT NO 4583) IN FORM RECEIVED FROM EXIMBANK. PRESIDENT MOBUTU REQUESTS FNCB IMMEDIATELY BRIDGE FINANCE RECORD B-737 NOW READY FOR DELIVERY SO THAT AIRCRAFT CAN ARRIVE KINSHASA FOR CEREMONY SATURDAY, APRIL 27. END SUMMARY.

2. CHARGE ACCOMPANIED BY FNCB REP SPINK MET WITH STATE COMMISSIONERS FOR TRANSPORT AND FINANCE EKETEBI AND BARUTI AND GOVERNOR OF BANQUE DU ZAIRE SAMBWA. EKETEBI DEPLORED ARTICLE X PARAGRAPH (11) WHICH GIVES EXIMBANK RIGHT TO SEIZE AIRCRAFT IN EVENT OF DEFAULT WITHOUT LEGAL PROCESS. CHARGE SAID EXIMBANK HAD BEEN PERSUADED TO DROP EARLIER PROVISION FOR MORTGAGE BECAUSE OF GOZ OBJECTION AND THAT THIS ARTICLE SEEMED TO BE IRRDUCIBLE MINIMUM BANK WOULD ACCEPT. IN ANY EVENT, MATTER HYPOTHETICAL SINCE THERE NO QUESTION

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OF GOZ DEFAULTING ON LOAN. SAMBWA AGREED STATING

THAT MAINTENANCE OF ZAIRE'S INTERNATIONAL CREDIT RATING OF FAR GREATER IMPORTANCE THAN FUTURE OF FIVE AIRCRAFT. THREE ENGLISH ORIGINALS OF LOAN AGREEMENTS IN PRECISE FORM RECEIVED FROM EXIMBANK WERE SIGNED BY BARUTI AND SAMBWA IN PRESENCE CHARGE AND FNCB REP. (WILL BE POUCHED APRIL 25 TO AF/C FOR DELIVERY TO EXIMBANK).

3. CHARGE THEN ASKED ABOUT STATUS OF BARUTI'S REPLY TO TWO POINTS IN LAST PARAGRAPH OF LOW'S APRIL 9 LETTER. EKETEBI CONFIRMED THAT NEGOTIATIONS WERE PROCEEDING WITH PANAM TAP TEAM FROM NY AND THAT NEW THREE YEAR AGREEMENT WOULD BE SIGNED THIS WEEK. (PANAM VP ERSKINE RICE INDEPENDENTLY CONFIRMED THIS EXPECTATION.)

4. BARUTI IS WORKING ON LETTER GIVING DETAILS OF MEASURES BEING TAKEN TO PUT AND MAINTAIN AIR ZAIRE IN SOUND FINANCIAL CONDITION. ALL THREE ZAIRIAN PRINCIPALS STRESSED THAT GOZ IN PROCESS DEVELOPING MODALITIES WHICH WILL EFFECTIVELY DEAL WITH OVER-ALL PROBLEM AIR ZAIRE'S FINANCES RATHER THAN CONTINUE ON PIECEMEAL BASIS AS IN PAST. MAIN STEPS TO DATE INCLUDE THE FOLLOWING (SEPARATELY CONFIRMED BY DIRECTOR GENERAL WALLACE OF AIR ZAIRE):

- (A) \$11 MILLION IN OUTSTANDING FOREIGN DEBTS PAID. THIS INCLUDES CAPITAL AND INTERST PAYMENTS ON LOANS FOR EQUIPMENT. (THIS LEAVE AIR ZAIRE GOZ CREDIT OF \$9 MILLION TO MEET OTHER OBLIGATIONS.)
- (B) GOZ HAS AUTHORIZED SUBSTANTIAL FARE INCREASES (13 PERCENT FOR INTERNATIONAL FLIGHTS AND SUBSTANTIALLY MORE FOR DOMESTIC SERVICE) AS RECOMMENDED BY PANAM.
- (C) PRIVATE SECTOR HAS BEEN PUT ON CASH IN ADVANCE BASIS. EKETEBI AND BARUTI ARE PUTTING PRESSURE ON OUTSTANDING PUBLIC AND PRIVATE DEBTORS. RECENTLY \$500,000 WAS COLLECTED FROM SGA.
- (D) GOVERNMENT SETTING UP MECHANISM TO PAY PERIODIC SUBSIDY.
- (E) PRESENT INTERNATIONAL ROUTES ARE BEING EXAMINED WITH A VIEW TO ELIMINATING NON-PROFITABLE ONES, PARTICULARLY IN EUROPE.
- (F) DOMESTIC DEMAND NOW OUTSTRIPS ABILITY TO PROVIDE SERVICE. WALLACE HOPEFUL WITH THREE 737'S DOMESTIC LIMITED OFFICIAL USE

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OPERATIONS WILL EARN PROFIT.

5. COMMENT: SINCE GOZ HAS MET RATHER STRINGENT CONDITIONS OF THIS LATEST LOAN, EMBASSY STRONGLY HOPES FNCB CAN BE PREVAILED UPON TO HONOR PRESIDENT MOBUTU'S REQUEST TO BRIDGE FINANCE SECOND B-737 IN TIME FOR IT TO ARRIVE HERE APRIL 27. CREW HAS BEEN IN US FOR SOME TIME. SPINK MAKING SIMILAR APPEAL TO VP WEHNER IN NEW YORK.

6. DECON UPON RECEIPT.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COMMERCIAL AIRCRAFT, BANK LOANS, LOAN AGREEMENTS, AIRCRAFT SALES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 23 APR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Unique ID:** 00  
**Drafter:** n/a  
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**Errors:** N/A  
**Film Number:** D740095-0129  
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**Office:** ACTION XMB  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Classification:** LIMITED OFFICIAL USE  
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**Review Content Flags:**  
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**Review Event:**  
**Review Exemptions:** n/a  
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**Subject:** EXIMBANK LOAN FOR DC-10'S AND B-737'S  
**TAGS:** EGEN, CD, EXIMBANK, FNCB  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005